

Report Highlights



State Contracting Goal for Service-Disabled Veteran-Owned Small Businesses

Department of Personnel & Administration

Performance Audit • May 2026 • 2556P

OFFICE OF THE STATE AUDITOR

C O L O R A D O

Key Concern

The State remains well short of its goal to award 3 percent of contracts to service-disabled veteran-owned small businesses (SDVOSBs) and will continue to face challenges with progressing towards the goal unless barriers are removed. We identified issues that the General Assembly may want to consider addressing, in coordination with the Department of Personnel & Administration (DPA), regarding how progress towards the goal is reported and reviewed, the lack of state agency investment in contributing to progress, and the lack of an assessment as to whether the goal, as currently structured, is achievable.

Key Findings

- Statute lacks clarity on the responsibilities and roles of each entity that receives DPA’s annual progress report on SDVOSB contracting, and on what processes agencies should implement to help the State achieve the goal.
- The General Assembly, in coordination with DPA, may want to consider conducting further assessment of barriers to achieving the goal, including whether it is achievable as currently structured.
- DPA should ensure its annual reports on SDVOSB contracting for the State contain accurate data with applicable context, and are submitted on time to all required recipients; improve its training and guidance to state agencies, SDVOSBs, and other stakeholders on the goal and how the preference can be applied; and seek clarification on how to prioritize SDVOSBs among its statutory supplier diversity responsibilities.

Background

- The SDVOSB contracting goal was established in 2014 to recognize the service and sacrifice made by veterans with service-connected disabilities and to support veteran business owners.
- Over the 11 years the goal has been in place, the percentage of state contracts awarded to SDVOSBs has ranged from a low of 0.07 percent in Fiscal Years 2015 and 2017 to a high of 0.43 percent in Fiscal Years 2019 and 2022.
- All state agencies that are subject to the Procurement Code have discretion as to whether or not they contract with SDVOSBs to contribute to the State’s progress towards the goal.

Audit Recommendations Made	Agency Responses		
	Agree	Partially Agree	Disagree
4	4	0	0